LEGISLATIVE BUSINESS.

THE TRAVANCORE (MATCHES) EXCISE DUTY BILL.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Sir, I move that the Bill to provide for the imposition and collection of Excise duty on matches, as passed by the Sri Mulam Assembly, be taken into consideration. Sir, the main purpose of the Bill is to impose an Excise duty on matches manufactured in Travancore. The rates of duty are laid down in clause 4 of the Bill and it is fixed per gross of match boxes having regard to the content of each box. If the content of each box is forty or less, the rate of duty per gross of box will be Bh. Re. 1. If the content is between 40 and 60 the rate of duty will be Bh. Re. 1 annas 8 and if the average number in a box is over 60 it will be Bh. Rs. 2. This works out at nearly 3 cash per match box if the content of a box is 40. Thus, the main purpose of the Bill is, imposition or levy of an Excise duty on matches manufactured in Travancore.

MR. S. PIRAVIPERUMAL PILLAI: May I know the total quantity of matches manufactured in Travancore in a year?

MR. KAYALAM PARAMESVARAN PILLAI: It is reported that in 1108 about 2 lakhs gross of boxes have been manufactured in Travancore.

Clauses 7 to 9 of this Bill provide for the procedure and the machinery for the efficient imposition and efficient collection of the duty.

MR. M. N. PARAMESVARAN PILLAI: May I know the purpose for which the Bill is introduced?

MR. KAYALAM PARAMESVARAN PILLAI: I will give it presently.

Clauses 5 and 10 to 16 provide for penalty for the evasion of duty and the violation of the various rules of procedure laid down for the collection of duty. Clause 18 is the general rule making power. The immediate occasion for the introduction of the Bill in the Assembly and for the passing a measure of this kind is—I frankly say—the imposition of a similar duty in British India. The duty imposed in British India is exactly the same as that proposed in this Bill. The rules regarding procedure and machinery proposed in this Bill are similar to those enacted in British India. In fact this Bill is an adaptation of the corresponding Act passed in British India. The question then arises what is the reason for this Bill here. It is this. I said that the Government of India, introduced this Excise duty on matches in British India: it was introduced for revenue purposes and they have asked the co-operation of the Indian States including Travancore so that the scheme in British India may work successfully. It is well known to the House that the match is a small article and the machinery required for making it is small and light and that it can be easily transferred from one part of the country to another. If duty is imposed in British India and a corresponding duty is not imposed

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in the States, what will happen is that there will firstly be an unfair competition between the industry. And, secondly, this is more importtant, there would be an undue transference of the match industry from British India to the States in view of the small and handy size of the article and the easy facilities for transportation of match boxes.....

MR. M. N. PARAMESVARAN PILLAI: May I know whether match is smaller than diamond ?

MR. KAYALAM PARAMESVARAN PILLAI: Having regard to the nature of the match box and their transportability, there will be easy facility for smuggling matches from one part of the country to another. If such smuggling takes place, then too, the intention of the Government of India to increase their revenues will be defeated. We are all members of the same Indian Empire and it seems to me that it is necessary that we should not take such an attitude as would entirely defeat the scheme adopted by British India. So that British Government may reasonably work out their scheme they have asked the co-operation of Travancore along with other States. Most of the Indian States have already agreed to co-operate with British India and to impose a similar duty in their State also. Travancore also feels that such a duty should be imposed. That is the chief reason for the bringing in of the Bill. But, Sir, the terms on which we are asked to co-operate are also attractive. They do not want for themselves the duty imposed here. Their proposal is that the proceeds of the duty on matches manufactured in Travancore and the proceeds from British India and elsewhere will be brought into a common pool divided on population basis *i. e.*, in proportion to the population of the sharing States and Provinces. Although our main purpose is to co-operate with British India, there is also the revenue side of the question which cannot be overlooked. We expect to get Rs. 3,00,000 or thereabout in the division of the common pool. This fact should not be ignored. Every State now wants to increase revenues and we also want to increase our revenue. An income of about Rs. 3,00,000 is not a negligible factor and that has also to be taken into consideration in considering the acceptance of the Bill.

But none-the-less I frankly say that the immediate purpose of the bringing of this Bill in the Council is the desire of the Travancore Government to co-operate with the British Government in the scheme which they have adopted. Therefore I request this Chamber to accept my motion.

MR. S. PIRAVIPERUMAL PILLAI: May I know what will be the price of the match for which three cash duty will be imposed ?

MR. KAYALAM PARAMESVARAN PILLAI: The information has not been collected. It will be, I think, about six cash, if it is Swadesi make and 8 cash if foreign.

MR. S. PIRAVIPERUMAL PILLAI: I want to know the price of the match manufactured in Travancore?

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MR. KAYALAM PARAMESVARAN PILLAI: Some matches are manufacured in Travancore. But the bulk of them are exported from Travancore. It seems Travancoreans have a partiality for foreign matches, I mean British Indian matches, and they do not take kindly to Travancore made matches as they do to British Indian matches.

MR. M. N. PARAMESVARAN PILLAI: May I know whether Government have made any investigation as to why it is so?

MR. KAYALAM PARAMESVARAN PILLAI; That is the fact.

MR. S. PIRAVIPERUMAL PILLAI: May I know the price of the Travancore match box?

MR. KAYALAM PARAMESVARAN PILLAI: Perhaps six cash per box.

MR. S. PIRAVIPERUMAL PILLAI: May I know, the price of the Swadesi match box?

MR. KAYALAM PARAMESVARAN PILLAI: They are hardly found in Travancore. Probably the price may be about six cash.

MR. S. PIRAVIPERUMAL PILLAI: Are they not sold outside Travancore?

MR. KAYALAM PARAMESVARAN PILLAI; I do not know.

MR. S. PIRAVIPERUMAL PILLAI: May I ask the Law Member the price of the Swadesi match, if he has any information now?

MR. KAYALAM PARAMESVARAN PILLAI: I am informed it is fourteen annas per gross of boxes.

MR. G. NARAYANA AIYAR (*Kunnatnad* cum *Parur*): May I know whether the matches manufactured in Travancore are sufficient for the needs of the State?

MR. KAYALAM PARAMESVARAN PILLAI: I have no definite statistics as to the number of matches consumed in Travancore. But on a rough calculation it is presumed that the matches manufactured are not sufficient for Travancore.

MR. S. PIRAVIPERUMAL PILLAI: Am I correct in understanding that the duty sought to be imposed by this legislation will be rupee one and annas eight per gross?

MR. KAYALAM PARAMESVARAN PILLAI: That is so.

MR. S. PIRAVIPERUMAL PILLAI: I mean the existing excise duty is Re. 1/8 to 14 annas?

MR. KAYALAM PARAMESVARAN PILLAI: Yes.

MR. S. PIRAVIPERUMAL PILLAI: That is double the price of the match-box?

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MR. KAYALAM PARAMESVARAN PILLAI: May be. With these few words I move the Bill for the acceptance of this House.

MR. R. DHANUKOTTI PILLAI (*Conservator of Forests*): I second it.

PRESIDENT: Moved and seconded that the Travancore (Matches) Excise Duty Bill, as passed by the Sri Mulam Assembly, be taken up for consideration.

MR. M. N. PARAMESVARAN PILLAI: Sir, I oppose the introduction of the Bill.

MR. S. PIRAVIPERUMAL PILLAI: Sir, I rise to a point of order. The Bill, as passed by the Assembly, was given to us only a couple of days back. We had not enough time to send in our amendments as required by the Rules. Therefore I wish to know whether we are at liberty in moving amendments on the floor of the House?

MR. KAYALAM PARAMESVARAN PILLAI: I gave notice of my motion on Saturday.

PRESIDENT: Well, I am told that the Bill was circulated on Saturday and to-day is Tuesday. Therefore sufficient time has been granted.

MR. S. PIRAVIPERUMAL PILLAI: So far as I am concerned I got notice of the motion on Saturday at 6 P. M. Sunday was a holiday. My friend Mr. Paramesvaran Pillai says that he received it only yesterday.

PRESIDENT: Probably he might have come only yesterday.

MR. M. N. PARAMESVARAN PILLAI: Sir, I too rise to a point of order. Before the motion is taken up, I think the members have a right to discuss the general principles of the Bill under Rule 39.

PRESIDENT: All these necessarily arise only if the House wishes to continue the discussion of the Bill. Your motion is that it should be referred to a Select Committee.

MR. M. N. PARAMESVARAN PILLAI: Sir, I oppose the motion of the Law Member and move that the Bill be referred to a Select Committee. It is stated by the Law Member that an Excise duty on matches has been introduced in British India by the (Matches) Excise Duty Act of 1934 and that he has also stated that it is in a spirit of co-operation with the British Government that this measure is now being piloted through our Legislature. I do not for a moment urge that this spirit of co-operation is bad, but all that I wish to say is that co-operation should never be a unilateral act. It should be reciprocal. As a matter of fact we do not find any spirit of co-operation on the part of the Government of India. The people of Travancore have been from one end of the country to the other suffering for the past several years from severe economic depression chiefly on account of the fall in the price of cocoanut products. This fall in the price of cocoanut products has been due to the systematic reduction carried on by the Government

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[Mr. M. N. Paramesvaran Pillai.]

of India in the tariff rates] and in the import duty on cocoanut products as a measure of concession shown to the Ceylon cultivators. In spite of our repeated requests the Government of India do not seem to have as yet budged an inch to afford any adequate support and protection to our cocoanut industry. Is this co-operation, Sir? Then again, for the past several years, we have been continuously agitating for the revision of the Interportal Convention. The volume of trade has, after 1040—in which year the Convention was entered into—increased enormously and beyond all proportion and owing to the absence of a revision in its terms our State has been losing heavily. It has by this time lost crores of rupees. Is this the sort of co-operation that the Law Member has in contemplation? If so, consistent with our self-respect and self-interest, we have to desist from it. I think it would be better in this connection, for our Government, to inform the Government of India that the proposed measure is not only detrimental to the interests of our people, but it is calculated to bring about a premature or early ruin of the match industry of our country.

PRESIDENT: The motion is not that the House do pass this Bill. If the motion was that, all the arguments which the member is now advancing are quite relevant. Whether the Government of India have co-operated with us or whether they have any sympathy for the Travancore cocoanut grower, or whether the Ceylon cocoanut is allowed to be dumped into India as a result of the Government of India's refusal to co-operate with us, all these have nothing to do with the motion before the House. The motion before the House is that the Bill be referred to a Select Committee. Therefore whether there is any need to refer the Bill to a Select Committee is only the point at issue. That *alone* should be discussed.

MR. M. N. PARAMESVARAN PILLAI: All that I was attempting to do by this argument was to meet the argument of the Law Member who was stating that it is in a spirit of co-operation with the British Government that our Government have brought this measure.

PRESIDENT: Please follow the procedure as I lay down.

MR. M. N. PARAMESVARAN PILLAI: Yes, Sir. Coming to the merits of the Bill, I have to strongly and most emphatically denounce the principle underlying this legislation. It has violated all canons and principles to be kept in view in the matter of levying Excise duty on any commodity. Generally import duty is levied as a measure of protection for the indigenous industries in a country and export duty, either on finished manufactured goods or on raw materials, is imposed only when such articles are able to compete with other similar articles in the world market. Applying this general principle, I ask the Law Member, whether in his opinion, our match industry is in a position to stand on its own legs and whether it is able to bear any burden of an Excise duty. If the intention of the Law Member was only to co-operate with the Government of India, I strenuously contend that an export duty on matches would alone have been sufficient and not an

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Excise duty on matches manufactured in Travancore. The introduction of this Bill, in my humble view, has the effect of smothering our infant match industry. Since there is no Excise duty at present and since there is already a duty imposed in British India, I think it will be an incentive for our manufacturers to resort to large scale production and thus develop our industry. If the intention is to co-operate, that object can be easily achieved by the levy of an exorbitant export duty alone so as to prevent our matches being exported into British India in such large quantities as to flood their markets. But the intention, as disclosed by some of the provisions of the Bill, appears to be far from co-operation.

I also vehemently oppose some of the provisions of the Bill. Clause 3 of the Bill gives retrospective effect to the imposition of the Excise duty on matches. Such a provision, I contend, is contrary to all principles of beneficent legislation. In a taxing or fiscal measure, it is very seldom that we find any provision for retrospective effect. There is also no morality in such a piece of legislation. So long as the provision is allowed to remain in the Statute Book, it becomes incumbent on the manufacturer even if he stops his business now, to pay the duty for the past, from the 1st of April 1934, *i. e.*, for a period for which he did not even dream that he would be called upon to pay an Excise duty. If he knew that, most probably he would not have even started his business concern. It is certainly taking the manufacturers and producers unawares.

PRESIDENT: That is not an argument for referring the Bill to a Select Committee although the House has got the power. I only want to know from you the arguments which you offer so as to induce the House to accept your views in the matter of taking up the Bill to a Select Committee. If the Bill should be referred to a Select Committee, what are the benefits that will derive from it or what are the disadvantages that will result if it is not referred to it—this is the only issue before the House.

MR. M. N. PARAMESVARAN PILLAI: My answer to that is the Bill as it is framed and placed before the House is for levying an Excise duty. But if it is referred to a Select Committee, that committee will be able to take away some of the objectionable provisions such as the provision for the imposition of the Excise duty and the provision for the application of the Revenue Recovery Regulation. I think an export duty alone is sufficient for the purposes mentioned by the Law Member. As I understood the Law Member, the main object of the Bill is to offer co-operation with the British Government.

PRESIDENT: Will the Law Member please explain whether he hinges his argument in favour of the Bill merely on the plea that we want to co-operate with the Government of India.

MR. KAYALAM PARAMESVARAN PILLAI: That is one of our main purposes. There is also the question of revenue. We expect to get about three lakhs of rupees as revenue.

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MR. M. N. PARAMESVARAN PILLAI: Then it is for the House to consider whether this is a fit time to increase the financial burden of the people by fresh or additional taxation. If this imposition of duty is necessitated by a similar duty in British India, I ask you, Sir, in all earnestness whether the Government are prepared, in order to render corresponding relief to the people, to make a further remission in the land tax or some other tax at least to the extent that could be realised by the proposed Excise duty on matches? That certainly will show the bonafides and good faith of our Government.

PRESIDENT: You are not yourself asking to refuse sanction to the passing of the Bill. You are merely asked to say whether the Bill is to be referred to a Select Committee. You dont ask for the Bill being thrown out, I believe?

MR. M. N.PARAMESVARAN PILLAI: What I contend is that if the defects pointed out by me are not cured, the Bill be thrown out by this House.

With regard to the pooling, it was stated by the Law Member that we will be allowed a portion of the collection in the common pool on the population basis. Excuse me, Sir, when I say that in this common pool we will only be befooled, for aught I know we will not be allowed to look into the accounts. Are we now allowed to look into and scrutinise the Railway and Harbour accounts? Certainly not. Such being the case, I do not think we will be considerably benefited by this arrangement of pooling. For these reasons I earnestly appeal to the honourable members of this House to agree with me in referring this Bill to a Select Committee so that some of these important points may be considered there and the Bill be re-drafted with the necessary modifications before it is brought up for discussion here. We would certainly not be justified in passing this Bill in such haste and speed as others have done.

MR K. P. NILAKANTA PILLAI: May I know, what will be the effect, if the Bill is passed, from the consumers' point of view.

MR. M. N. PARAMESVARAN PILLAI: It will certainly increase the price of matches and that means the consumers will have to pay from their pockets.

MR. P. PADMANABHAN TAMPI: I second Mr. Paramesvaran Pillai's motion.

RAO SAHIB DR. N. KUNJAN PILLAI: The main argument advanced by Mr. M. N. Paramesvaran Pillai is that the Travancore Government will not be justified in imposing an Excise duty on matches. But, on the other hand, he thinks that they can, if necessary, impose an export duty on the matches manufactured in Travancore. Now, Sir, as my friend Mr. Kayalam Paramesvaran Pillai pointed out, practically all the matches manufactured in Travancore are exported and for our own consumption matches manufactured outside Travancore are imported. Now the question whether an export duty is preferable to an excise duty has to be considered first by the manufacturers. Government have not yet had any representation from the local match manufacturers that they would rather have an *export* duty on their matches

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than an *excise* duty. The reason is obvious. Most of the matches manufactured here are consumed outside so that whether it is export duty or excise duty our manufacturers will have to pay it. Therefore, Sir, in the absence of any request from the manufacturers themselves, it seems to me that the point raised by Mr. Paramesvaran Pillai does not deserve our serious consideration.

MR. M. N. PARAMESVARAN PILLAI: May I know whether Government made any investigation in this matter, whether any conference of the manufacturers was held?

RAO SAHIB DR. N. KUNJAN PILLAI: Sir, I am sure the manufacturers know their interests much better than the Government or anybody else,. If they really thought that an export duty was better than an excise duty they would certainly not have waited for the Government to hold a conference but would have moved in the matter on their own accord. They have not done so. On the other hand, so far as I have been able to gather, there is no serious complaint from the manufacturers against this proposed excise duty.

Another point has been raised by Mr. Nilakanta Pillai's question to Mr. Paramesvaran Pillai and that relates to the consumers point of view. As I pointed out in the Lower House in the course of the discussion on this Bill there, the consumer is not going to be benefited if the Travancore Government are magnanimous enough not to levy this excise duty. All of us know, Sir, that, since the Bill was introduced in the Indian Legislative Assembly, the local merchants have raised the price of matches. Now it is being sold at a much higher price than it used to be sold till about a few months back. Therefore, whether the Travancore Government impose an excise duty or not, the consumer has to pay a higher price than before.

MR. M. N. PARAMESVARAN PILLAI; Is it not because our Government published this Bill in the Gazette?

RAO SAHIB DR. N. KUNJAN PILLAI; No; our Bill was published only recently, long after the prices were raised as a result of the introduction of the Bill in the Indian Legislative Assembly.

MR. S. PIRAVIPERUMAL PILLAI: May I know why the merchants have increased the price?

RAO SAHIB DR. N. KUNJAN PILLAI: Naturally they anticipated the imposition of the duty.

As I was submitting, Sir, whether we impose this duty or not, the consumer will have to pay more. I am really surpised to find that honourable members seriously put forth the argument that when all round Travancore matches are sold at a certain price it will be sold at a lower price within her borders alone. The merchants and manufacturers in Travancore know their interests better than others and they will certainly raise the price of matches here also, especially because practically the whole of the matches manufactured here is consumed outside the State.

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MR. M. N. PARAMESVNRAN PILLAI: May I know why it is so?

RAO SAHIB DR. N. KUNJAN PILLAI: The manufacturers must answer that question.

MR. M. N. PARAMESVARAN PILLAI: May I know whether the Industries Department has made any investigation in the matter?

RAO SAHIB DR. N. KUNJAN PILLAI: There was no necessity for that: the manufacturers know best how to protect their interests. They find better sales for their matches in British India than in Travancore.

The consumers therefore are not going to be benefited even if we do not impose the excise duty here. On the other hand, if the duty is imposed we expect to gain an additional annual revenue of about Rs.3 lakhs, without, as I have already explained, in any way sacrificing the interests of the consumer Sir, in these hard days an annual revenue of Rs. 3 lakhs is not a small matter.

MR. M. N. PARAMESVARAN PILLAI: May I ask whether the hard days are for the Government alone and not for the people?

RAO SAHIB DR. N. KUNJAN PILLAI: I have already explained, Sir, that the people have to pay more whether we impose this duty or not.

MR. M. N. PARAMESVARAN PILLAI: Are the Government prepared to make a remission of other taxes?

RAO SAHIB DR. N. KUNJAN PILLAI That does not arise now.

The fact remains that whether we levy this excise duty or not we will have to pay more for our matches hereafter.

MR. M. N. PARAMESVARAN PILLAI: How does the member assert like that?

RAO SAHIB DR. N. KUNJAN PILLAI: Any one who usually buys matches knows that even before the Bill was passed by the Indian Legislative Assembly, the price of matches in the local bazaars went up. My statement is based on actual experience. If the member thinks other-wise it is open to him to do so.

It was argued, Sir, that the match industry is in its infant stage in Travancore and that its development must be encouraged. The match industry is in its infancy not only in Travancore but even in British India. It is not very many years since the people all over India directed their attention to the development of the match industry.

MR. S. PIRAVIPERUMAL PILLAI: Is the member aware that in Madras, Bombay, Punjab and United Provinces this Bill was opposed?

RAO SAHIB DR. N. KUNJAN PILLAI: They first opposed it, but finally agreed to it.

MR. H. O. L. MARIKAR (*Minachil* cum *Devicolam*): May I know approximately the quantity of matches consumed in Travancore in a year?

RAO SAHIB DR. N. KUNJAN PILLAI: The Law Member said that we were importing about Rs. 2 lakhs worth of matches every year. I have not got figures of the quantity imported.

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MR. H. O. L. MARIKAR: May I know the price per gross of matches?

RAO SAHIB DR. N. KUNJAN PILLAI: I am sorry I have not got the information.

I was saying, Sir, that the match industry is in its infancy not only in Travancore but even in British India. If we do not levy this duty it will benefit perhaps a few capitalists who have come from outside and invested their money in the match factories here. I may point out to the House that after all very few Travancoreans have invested money in our match factories. Therefore, we will be helping only a few foreign capitalists by affording the so-called protection to the match industry by not levying this excise duty. The price of matches will naturally go up and the increase in the price which the consumer pays will go to swell the pockets of the few foreign capitalists who have invested the lion's share of the capital in our match factories. Is it really advisable, I ask, to favour a few of these foreign capitalists at the sacrifice of a revenue of about three lakhs of rupees per annum? That is the main point that I would request the House to consider. Of course, there is the question of co-operation with the Government of India, but I do not want to stress that point. Purely from the financial point of view I think it is desirable that we should enact this measure and I would therefore request the honourable members to pass it.

MR. S. PIRAVIPERUMAL PILLAI: After hearing the learned Chief Secretary, I am afraid there seems to be some misconception on the part of the Government with regard to the revenue we may receive if we impose our own excise or export duty and keep it ourselves and not join the pool of the Government of India. I heard the Law Member say that the price per gross of match boxes is about 14 as. The duty proposed in the Bill is Re. 1-8 as. per gross. From the statistics, unfortunately, no copy of the Volume of Statistics published by Government is now avilable here for reference-available I find that we have been exporting match boxes last year to the tune of six hundred thousand grosses, five lakhs of grosses in 1106, four lakhs in 1105, three lakhs in 1104, about 1,60,000 in 1103, and one lakh in 1102. These figures clearly show that the match industry in Travancore is steadily growing and deserves enouragement at the hands of Government. Apart from that, Sir, the duty on the six lakhs of grosses exported in 1107, according to the rate of duty proposed in this Bill, comes to about Rs. 12 lakhs. If I remember right, the Chief Secretary and the Law Member estimated that our income on account of this duty is likely to be about Rs. 3 lakhs. Sir, why should we impose a duty which is likely to kill the local match industry, and at the same time not get all that we are entitled or likely to get? Is it for the mere name of co-operation with the British Government? After all, this is only a fiscal measure. So far as political matters are concerned nobody can deny that we are co-operating fully with the British Government. There is no doubt that this is purely a fiscal measure. There seems to be absolutely no reason why, for the mere name of co-operation with the Government of India and that in a fiscal

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[Mr. S. Piraviperumal Pillai.]

measure, we should, after almost killing the local thriving and improving match industry, also lose a portion, a substantial portion, of what we are likely to get. The Chief Secretary's fear seems to be that if we impose an export duty it would only be a percentage of the *ad valorem* price of matches, say, a few annas per gross. Further, Sir, as has been pointed out by the Dewan in one of his replies to the addresses presented to him, by the Alleppey Chamber of Commerce I believe, what is the sort of co-operation that we get from the Government of India in regard to *our* cocoanut products, for instance? Our loud cry in that matter is not audible to them, whereas even a whisper at Simla has roused us to the extent of this important measure being passed by our Assembly in just two and a half hours. And, *we* are now asked to pass it too. Sir, whether we pass it or not, it will be passed by Government under the powers reserved by them.

PRESIDENT: It *will* be passed by Government or *may* be passed?

MR. S. PIRAVIPERUMAL PILLAI: It may be passed, Sir.

I shall conclude by pointing out to this House that this Bill, if carried, is harmful not only to the country at large, but to the consumers, to the industry and also to the revenue legitimately due to our Government.

RAO SAHIB DR. N. KUNJAN PILLAI: May I correct some mistakes in the figures just now quoted by Mr. Piraviperumal Pillai?

PRESIDENT: Yes.

RAO SAHIB DR. N. KUNJAN PILLAI: Mr. Piraviperumal Pillai said that if we do not join the pool, we could realise about Rs. 12 lakhs per annum as excise duty on matches.

MR. S. PIRAVIPERUMAL PILLI: My statement is based on a calculation of the export figures available.

RAO SAHIB DR. N. KUNJAN PILLAI: Sir, I have calculated the probable income we may get if we keep the whole of the duty we levy without joining the common pool. In 1106, on the basis of the output of that year, we would have, if we had the duty then, got Rs. 4,90,000. In 1107, we would have got Rs. 7,75 000. But, in 1108 it would have gone down to about Rs. 2,93,000. Hereafter, the consumption of matches may be less because of the duty and naturally the output will also become correspondingly less. If we join the pool, on the other hand, we may get about Rs. 3 lakhs now. The match industry in British India is fast developing and it is very likely that their receipts may increase and then our share from the common pool will also increase. It may therefore be advantageous to us to join the pool and take our share on the basis of the population.

MR. S. PIRAVIPERUMAL PILLAI: May I know the total value of export of matches manufactured in 1107?

RAO SAHIB DR. N. KUNJAN PILLAI: I have not got the figures. My figures are those furnished by the Director of Industries.

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MR. KATTIYATTU SIVARAMA PANICKAR: Whatever might be the reasons that prompted the Government to introduce this measure, one point is clear, namely, that the match industry in Travancore is in its infancy. That fact has been admitted by the Chief Secretary.

It may not be the same in British India. Neither the Law Member nor any other Government member is in a position to give us the exact figures we stand to gain or lose by the introduction or the non-introduction of this Bill. But we know, as a matter of fact, besides the revenue that may be fetched, the industry in this country helps so many of our unemployed young men roaming about in the country at present. We are by this industry trying to find work for them. But as at present, although there is only one match factory which may be claimed by the people of the country, yet when the export duty is imposed there will be more match factories coming in to compete and thereby giving job to a large many of our young men. As such, I believe the introduction of a Bill of this kind may do harm to the people of the country. I, therefore, request the Law Member and others concerned, if possible, to withdraw the Bill or I request my colleagues to see that the Bill is not supported in any way.

MR. K. P. NILAKANTA PILLAI: May I know from the member how it will adversely affect the manufacturer if an excise duty is imposed which will indirectly enable the manufacturer also to raise the price of matches proportionately?

MR. KATTIYATTU SIVARAMA PANICKAR: I do not understand the question.

MR. K. P. NILAKANTA PILLAI: May I know from the member how it will adversely affect the manufacturer if an excise duty is imposed which will indirectly enable the manufacturer also to raise the price of matches proportionately?

MR. KATTIYATTU SIVARAMA PANICKAR: I do not still catch the question.

MR. KAYALAM PARAMESVARAN PILLAI: Sir, it has been pointed out already by Dr. Kunjan Pillai that the consumer is not in any way affected by the imposition of the duty. If the gain does not go to the consumer, the only question to be considered is whether it shall go to the manufacturer or to the State. That is one of the questions that has to be considered by the House. Between the two the profit must go to the State. Mr. Piraviperumal Pillai said that we will be getting about Rs. 12 lakhs if we impose an excise duty and take it to ourselves. From the figures in my hands it is not supported.

MR. S. PIRAVIPERUMAL PILLAI: May I know the figures for 1108?

MR. KAYALAM PARAMESVARAN PILLAI: I am coming to that.

The number of matches manufactured in 1108 was 1,95,941; 1107, 5,17,000; 1106, 3,26,000; 1105, 2,79,600; and 1104 3,67,000 so that practically the duty comes to 2 and 3 lakhs of rupees on an average.

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MR. S. PIRAVIPERUMAL PILLAI: May I know the value of the matches that were sold?

MR. KAYALAM PARAMESVARAN PILLAI: The number of grosses of matches that were manufactured in Travancore is.....

MR. S. PIRAVIPERUMAL PILLAI: It is the price that has to be taken into consideration and not the number of matches.

MR. KAYALAM PARAMESVARAN PILLAI: The duty is per gross of boxes and not *ad valorem* grosses. If we put the duty at 4½ cash per box on the average it will be seen that on the average we can get only Rs. 3 lakhs. I think it is my duty to supply these actual figures to the House so that it may not be misled. It will be seen thus that on the average Government can get only about 3 lakhs of rupees if they were to levy excise duty and take it themselves. Is it not better then that we impose the duty along with British India and in the manner it is imposed in British India and go in for a pool?

The real motion at present before the House is that the Bill be referred to a Select Committee and not to convert the proposed excise duty into an export duty. For imposing an export duty we do not want any Bill at all. For that, there is already a statute. If it is only for imposing an export duty there is no need to refer the Bill to a Select Committee, and that is the only ground on which Mr. Parameswaran Pillai purported to rest his motion. I think that the motion cannot be accepted at all.

PRESIDENT: The question before the House is that the Travancore (Matches) Excise Duty Bill be referred to a Select Committee. I have to put that motion to the House. However, in the course of the discussion of that motion, in spite of the attempts I have made more than once to confine the discussion to the real question at issue, the House has wandered into other questions as well which I am not prepared to say are thoroughly irrelevant. Before putting this motion to the vote of the House I wish to make a few observations for elucidating the matter so that the House may know what it is really voting upon.

It seems to me that there are only three parties to be kept in mind before we decide whether this particular measure before the House is good or bad. The three parties are, the consumers, the manufacturers and the Government. It has been tried to be shown that the consumer will be hit hard if this Excise duty is levied. On the side of Government it was tried to be shown that the consumer will, on no circumstances, be benefited even if we do not levy any Excise duty on the matches manufactured in Travancore. The manufacturers know how to regulate their prices according to the prices ruling in other markets. It is rather difficult to believe that the manufacturers in Travancore will be guided merely by a spirit of patriotism to sell matches to the people within Travancore at prices far less than the prices that may be ruling outside Travancore. It is rather difficult to believe that any manufacturer will persuade himself to sell matches within Travancore at a price far less than what obtains on the borders of Travancore. So, with

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every sympathy for the consumer, the position is that he cannot escape an increase in price whether we levy this duty or whether we do not levy it.

Then there is the *manufacturer* to be kept in mind. I heard some observations that by the levy of the Excise duty this industry will be killed. On the other hand it seems to me that the industry will thrive better. If the Excise duty is levied, it will induce the manufacturer to pull himself up to the level of efficiency and perfection in British India and that will enable him to compete with the manufacturers outside. Honourable members who have watched the working of the match factories in Travancore do know that even those that exist are struggling for existence. Assuming that they are exempted from the payment of the duty will they again, as I said, issue a self-denying ordinance on themselves and keep the price low compared with the prices outside Travancore? We will be putting more money into the pockets of the manufacturer although the quality may not improve and the Government will get nothing.

Then there is the question of the *Government*. If all other Governments outside British India, including Indian States, have decided to levy this Excise duty should Travancore, of all States, stand aside? It seems to me, at any rate, that it would be a fiscal policy which the whole of India has to adopt, for, although we, native States, might manage our own affairs, all the same, we form part and parcel of the whole federation of India. We are a unit fiscally, politically, and otherwise as well. If that is so why should we stand along in this matter alone; and for whose benefit? That is the question that we have to ask to ourselves. We do not benefit the manufacturer; we do not benefit the consumer. Is the Government benefited? No.

Then, another aspect which I want the honourable members to bear in mind, is that, assuming that we do not levy the duty, assuming we give the freedom to the manufacturers here to continue on their old lines and not to pay any duty, will not others engaged in similar trade find Travancore a heaven on earth, into which they can transfer their business? And, what would be the result? The result will be that they will come and settle themselves down in Travancore, foreigners, of course, outside manufacturers. They will come and settle themselves for cut-throat competition. What will practically begin and go on is that people from outside Travancore will come into Travancore for the reason that there is no Excise duty here while there is Excise duty everywhere else outside the barrier. Will our manufacturers be able to stand such a warfare? Inevitably the result will be that even the one good match factory, which exists in the country at present, may be killed, prices may go on increasing and others, who do not belong to Travancore, may come and settle down here. I do not think that that is the intention of the House. I think it is desirable that the House should clarify the position before I put the motion to the vote of the House.

The motion before the House is that the Travancore (Matches) Excise Duty Bill, as passed by the Sri Mulam Assembly, be referred to a Select Committee of the Council.

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The motion was put to the vote of the House and lost.

MR. M. N. PARAMESVARAN PILLAI: I demand a poll.

A poll was taken and the House divided as follows :—

AYES—3.

1 Mr. P. Padmanabhan Tampi
2 ,, M. N. Paramesvaran Pillai
3 ,, A. N. Visvanatha Pillai

NOES—26.

1 Mr. V. S. Arumukham Pillai
2 ,, Kochikal P. Balakrishnan Tampi
3 ,, C. V. Chandrasekharan
4 ,, R. Dhanukoti Pillai
5 ,, M. Govindan
6 ,, M. Govinda Pillai
7 ,, J. John Kattakayam
8 ,, C. M. Joseph
9 ,, K. N. Kesavan Namputiripad
10 ,, A. Kumara Pillai
11 Rao Sahib Dr. N. Kunjan Pillai
12 Mr. L. A. Lampard
13 ,, K. Madhavan Pillai
14 ,, K. P. Nilakanta Pillai
15 ,, R. Nilakanta Pillai
16 ,, K. P. Padmanabha Menon
17 ,, K. Padmanabha Panickar
18 ,, N. K. Padmanabha Pillai
19 ,, K. Padmanabha Pillai
20 ,, Kayalam Paramesvaran Pillai
21 ,, K. Sankaralingam Pillai
22 ,, Komilezhathu Sankaran
23 ,, James Simpson
24 ,, Kattiyattu Sivarama Panickar
25 K. K. Thomas
26 Miss. D. H. Watts

NEUTRALS—7.

1 Mr. S. Adam Sait
2 ,, Jacob Hassan Sait
3 ,, H. O. L. Marikar
4 ,, G. Narayana Aiyar
5 Mr. M. N. Narayana Menon
6 ,, S. Piraviperumal Pillai
7 ,, K. Rama Varma Raja

The motion was declared lost.

Then, the original motion, that the Bill be taken into consideration was put to vote and carried.

PRESIDENT: Now, I find Mr. K. P. Nilakanta Pillai has given notice of a number of amendments which do not now arise in view of the Bill, now before the House, being an amended Bill. I take it that these amendments relate to the original Bill as it was presented to the Assembly; but, in the Assembly, it has been modified.

Clauses 1 and 2.

The question that Clauses 1 and 2 do stand part of the Bill was then put and carried.

The Clauses were added to the Bill.

MR. G. NARAYANA AIYAR: In Clause (2), some landholders,—

PRESIDENT We are discussing the unfortunate Match Bill. We have not yet come to the Edavagai Bill.

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Clause 3.

MR. KOCHIKAL P. BALAKRISHNAN TAMPI (*Mavelikara and Kartikapalli* cum *Kunnattur*): I beg to move the following amendment to Clause 3 as a proviso:

"Provided that no duty shall be leviable on matches manufactured before the 1st of June in any manufactory in Travancore, whose daily output does not exceed one hundred gross of matches".

This proviso is intended, Sir, to protect the small manufacturers of matches. Manufacture of matches is carried on as a cottage industry in our land. According to Clause 3, retrospective effect is given to this Bill. I wish to draw the attention of the House to the fact that if retrospective effect is given to this Bill, some poor manufacturers who carry on the manufacture of matches as a cottage industry would be hard hit. I would make it plain by a concrete example. Now, suppose there is a manufactory or factory whose output is only 50 gross of matches and the Chief Secretary to Government said that the price of matches would be only 14 annas a gross (or the Law Member, to be more correct.) Now he has sold away all the matches in the intervening period between April and June and when the Bill becomes a Regulation, he will have to pay, in a lump all that he got as price and something more. Suppose the factory, whose total output is only 50 gross of matches, had worked for 20 days. The output will be for about Rs. 1,000, and he has sold it for less than Rs. 1,000. Now he will have to pay a much bigger sum as excise duty. Therefore, my object in moving this proviso is that as far as the cottage industries are concerned, or in the case of small manufactories, no retrospective effect be given to this Bill.

MR. M. N. PARAMESVARAN PILLAI: May I know from the member whether after the 1st June these small manufacturers are going to stop their business?

MR. KOCHIKAL P. BALAKRISHNAN TAMPI: No, they will continue and it is only in fairness they may be asked to pay excise duty from that date.

PRESIDENT: Please address the Chair.

MR. KOCHIKAL P. BALAKRISHNAN TAMPI: Yes, Sir, I am addressing the Chair but facing the member. (*Laughter.*)

MR. G. NARAYANA AIYAR: I second the amendment. In cases where vested rights of persons are to be affected by a Regulation, the Regulation ought to be passed in such a manner that it may affect them only in future. It should not have any retrospective effect. To pass a legislative measure which infringes on the rights of parties who have already secured vested interests is certainly opposed to principle. So, I support the amendment that "no duty shall be leviable on matches manufactured before the 1st of June in any manufactory in Travancore whose total output does not exceed 100 gross of matches". The amendment must be accepted.

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MR. KAYALAM PARAMESVARAN PILLAI : Sir, I am afraid that I cannot accept the amendment. The chief reason is, assuming that all the things said to-day are correct, of course, I am not admitting them to be correct, it is quite necessary that we should fall into line with British India. It was stated already that we are entitled to share in the division of the pool. If so, we must follow exactly the provisions adopted in British India, with regard to this duty.

MR. S. PIRAVIPERUMAL PILLAI: May I know whether any concession is shown to small manufacturers?

MR. KAYALAM PARAMESVARAN PILLAI: Please ask me a little later. It has been urged that the small manufacturers will be prejudicially affected by the duty. Although the duty comes into force from April 1934, it was announced, early in March that a duty on matches will be imposed, and the British Indian Bill was published on the 17th March, so that all manufacturers knew early enough that a duty was going to be imposed on all matches, and it was stated in the statement of objects and reasons that Indian States would also be called to co-operate in regard to this matter. So, every reasonable man must have known that a duty will be imposed. Assuming that matches have been manufactured in Travancore during the period and sold in British India the trader will have taken into account the duty which was going to be imposed, so that he would not suffer in the end. And even in Travancore, it was known that a duty is going to be imposed and every manufacturer would have taken this into account, when he sold his matches. So, Sir, no real hardship will be caused by the duty being imposed with effect from 1st April.

Mr. Piraviperumal Pillai asked me whether any concession is to be shown to small manufacturers. There is some provision later on, in Clause 19 for rebate of duty.

MR. M. N. PARAMESVARAN PILLAI: May I know whether any manufacturer who has stopped to manufacture after that date has to pay this tax?

MR. KAYALAM PARAMESVARAN PILLAI: Duty will have to be paid on all matches issued from any manufactory from and after the 1st April.

The motion *viz.*, "provided that no duty shall be leviable on matches manufactured before the 1st of June in any manufactory in Travancore whose daily output does not exceed one hundred gross of matches", be added after clause 3 was put to vote and lost.

The question that Clause 3 do stand part of the Bill was then put and carried. The Clause was added to the Bill.

The House adjourned for lunch at 1-3 P. M. and met again at 1-45 P. M., Mr. K. P. Nilakanta Pillai, one of the panel of Chairmen, presiding.

Clauses 4 to 9.

The question that clauses 4 to 9 do stand part of the Bill was put and carried. The Clauses were added to the Bill.

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Clause 10.

CHAIRMAN : There is no amendment to Clause 10.

MR. M. GOVINDAN (*Nominated*) : I rise to a point of order. There is one amendment by Mr. K. P. Nilakanta Pillai which runs as follows :

> Add the words "on conviction" between the words 'punishable' and 'with' occurring in line 1 Clause 10 of the Bill.

CHAIRMAN : That member is not now there to move it. Therefore, under the rules, the amendment cannot be taken into consideration. It is not permissible, under the rules, for any other member to move it on behalf of the member who has sent it. There is therefore no amendment to Clause 10 before the House.

MR. M. N. PARAMESVARAN PILLAI : May I know whether any other member can move it as an independent amendment ?

CHAIRMAN : If I remember right, a ruling has been passed in this House that amendments should be given notice of before a particular time. As no amendment has been sent up till now, members are not at liberty, at this stage, to claim, as a matter of right, the opportunity to move amendments.

MR. M. GOVINDAN : I submit, Sir, that the Law Member may be requested to say whether he accepts the amendment or not.

MR. M. N. PARAMESVARAN PILLAI : I rise to a point of order. I want to know whether Mr. Govindan can raise the question after the ruling from the Chair on the matter.

CHAIRMAN : The Law Member knows his position. If he wants to move the amendment he can do so at the third reading of the Bill also. As he has not come forward now, it is presumed that the Law Member is not very particular about any changes in the Bill.

Clauses 10 to 19.

The question that Clauses 10 to 19 do stand part of the Bill was then put and carried. The Clauses were added to the Bill.

CHAIRMAN : Does the House agree to the title and preamble of the Bill being passed as they are ?

The House unanimously agreed, and the title and preamble of the Bill were added to the Bill.

MR. KAYALAM PARAMESVARAN PILLAI : I move that the Bill to provide for the imposition and collection of Excise duty on matches be passed.

MR. R. DHANUKOTI PILLAI : I second it.

The motion was then put to the vote of the House and carried, Mr. M. N. Paramesvaran Pillai alone being against it.

THE TRAVANCORE EDAVAGAI BILL.

MR. KAYALAM PARAMESVARAN PILLAI : Sir, I move that the Bill to provide for the settlement and better administration of certain Edavagais, as passed by the Sri Mulam Assembly, be taken into consideration. The Bill is designed.....

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